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**HEADLINE:** DEPARTING PRESIDENT: William G. Bowen;  
The Economist Who Taught Princeton Basic Economics

**BYLINE:** By KYLE CRICHTON

**BODY:**

BACK in the mid-1950's, when he was racing through his economics Ph.D. in three years at Princeton, the last thing William G. Bowen thought about was eventually running that university. "I set out to be a teacher and a scholar," he said.

In fact, Mr. Bowen established himself as a leading authority on the economics of education and the arts, and as a top-notch teacher as well. But from 1972, when he was 38 years old, through this year, he occupied the president's office in Princeton's venerable Nassau Hall, guiding the campus through a painful transition from centuries-old customs to more modern ways, both managerially and socially. Recently, he announced he will leave Princeton to become president of the Andrew W. Mellon Foundation.

Mr. Bowen was not Princeton's youngest president - that distinction went to Aaron Burr Sr., who was 32 at the time of his appointment in 1748. But Mr. Bowen was the first economist to hold that title at Princeton. And he was among the first of what has become a stream of economists to become college and university presidents (see box). In a time of financial stress, trustees apparently felt that economists would be the most adept at balancing budgets and raising money.

If there was one individual qualified to test this proposition, it was William Bowen. He came to his posts as provost and, five years later, president, as one of the country's leading authorities on the economics of higher education and other nonprofit activities. A Bowen monograph on higher education - together with an enormously influential 1966 study of the economics of the performing arts that he undertook with William J. Baumol, a colleague on the Princeton economics faculty - in many ways predicted the financial crisis that hit higher education in the 1970's.

"The thesis was that there were inexorable forces pushing up costs" in such fields as education and the arts, he said. Even under the most efficient management, he proved, costs in these areas will rise by the yearly rate of growth in industrial productivity. The reason is simple: There is no way to mechanize teaching, dance, sculpture and the like. And if a field fails to keep pace with general productivity gains, then its products will become relatively more expensive. "Early on, it didn't mean much," Professor Baumol said. "But the very rapid rise in postwar productivity of 2.5 percent to 3.5 percent yearly made a huge difference."

Armed with his theoretical insights, Mr. Bowen pushed to trim departments ahead of what he saw as an inevitable financial crunch. "Very early, he predicted the tuition levels and research costs we face today - figures a lot of people then found inexplicable," Mr. Baumol said.

In 1972, for example, the year he moved from provost to president, Princeton cut its staff by 150, including 20 faculty members, ended a graduate program in Slavic languages and mowed the lawns



and washed the windows less frequently. And in addition to more aggressive fundraising, the Bowen administration embarked on lucrative real estate projects, including the Forrester Center.

Mr. Bowen plays down his professional training as preparation for running the university but, curiously enough, says it did help him resist simple-minded financial approaches. "Economists are less impressed with quantitative data than others might be," he said. "It is easier for me not to be bowled over by information on, say, cost-per-student."

And this may help explain why he recognized that Princeton's problems ran deeper than mild budget deficits and scattered departments that failed to pay their way. In his view, the problems ran to the very character of the institution.

To understand Mr. Bowen's thinking and subsequent actions requires a brief historical digression.

The Princeton of 20 years ago had far more in common with the clubby, elitist school of F. Scott Fitzgerald than with today's model. Sons of alumni were favored by admissions officers, and the school's social life was dominated by "eating clubs" that students joined as juniors. The clubs were expensive and exclusive, and students had little choice about joining. "It was that or eat out of a tin can in your room," said Richard K. Rein, an alumnus who now publishes U.S. 1, a weekly paper in Princeton. ON THE business side, there was no structured budget process, and little knowledge of how money was being spent. "In less complex times, you could have a rolling, ad hoc budget process, based on intuition and wisdom," said Neal L. Rudenstine, a scholar of Renaissance literature who is the current provost and who will accompany Mr. Bowen to the Mellon Foundation. And faculty members, some say, were too often hired on congeniality or breeding.

In Mr. Bowen's view, this old Princeton had to change or perish. The key point, he said, is that the university could not recruit the best faculty if it remained stuffy and exclusive. And without a superior faculty, it could not attract the public and private financial support it needed.

Thus, as provost and president, Mr. Bowen set out to lower barriers to diversity. He was a major force in the fight for coeducation, and he tried to recruit more minority and ethnic students and insure that the children of alumni earned their way in.

"The objective was to make this place as open as it could be to the widest array of talent," he said recently, sitting in a wooden chair in an office dominated by a desk made from an old-fashioned square piano. "I worked to keep Princeton independent, hiring people on their merits, not on their point of view, pedigree or religion. Merit does matter. It matters a lot."

It matters particularly in raising money, Mr. Bowen said. "We see very clearly that support follows from faculty strength," he said. "We are attracting a great deal of funding in molecular biology. That was not true 10 years ago, but the faculty is very different and we have new facilities. All of these things intersect." The quality of faculty or the atmosphere surrounding an institution are difficult things to measure. On the surface, at least, Princeton has not changed dramatically. Where there were 1,420 graduate and 4,082 undergraduate students in 1972, when Mr. Bowen took control, there are 1,700 graduate and 4,549 undergraduates today. This year, the undergraduate student body is 83 percent white and 65 percent male, against 89 percent white and 76 percent male in 1972.

Faculty changes, if anything, are even less dramatic. Today, there are only nine black faculty members, out of a total of 650, versus 12 black faculty out of 669 in 1972. There are 125 women on the faculty today, 32 with tenure, compared with 26 in 1972, none with tenure.



billion, since 1972) signals general approval of Mr. Bowen's moves, some of his changes ruffled feathers among Princeton's more conservative graduates. Their discontent began with the admission of women in 1969, and grew until, in 1972, several of them established the **Concerned Alumni of Princeton**.

The group fought to preserve the old ways, to reconstruct "a kind of gentility," according to one of its founders, T. Harding Jones. The Bowen administration, Mr. Jones said, "saw the eating clubs as a bastion of a mentality they didn't like. Selectivity bothered them."

The group did not make much headway in slowing change, however. The eating clubs have lost their monopoly on social life and, lately, Concerned Alumni has lapsed into dormancy.

That Mr. Bowen should fight for a more meritocratic system may have made sense strategically, but it also sprang from deeply held beliefs. He was not ("to say the least," he adds) traditional Princeton material.

The son of a Cincinnati calculating-machine salesman, he was the first in his family to attend college. After graduating from Denison, where he was the Ohio Conference collegiate squash champion two years running, he hit Princeton running, rising to full professor at 31 and provost at 34.

He is always described as a man of prodigious energy. Still slim and athletic at 53, he does not walk so much as leap from place to place, and he is known to throw himself into his work. Of his next job at the Mellon Foundation - which last year made two-thirds of its \$68 million in grants to colleges and universities - he says with typical understatement: "I won't sit behind a desk and wait for proposals to come in." PAUL BENACERRAF, a Princeton philosophy professor who has worked closely with Mr. Bowen for 20 years, said, "He is extraordinarily compulsive and energetic, attending to every detail. I don't know how he will turn his new position into a 20-hour-a-day job, but if anyone can, it's Bill."

Mr. Bowen's success at keeping Princeton financially robust may have reinforced the trend of economists becoming university presidents. Certainly, Princeton is a contented customer - the board named Harold T. Shapiro, an economist who previously was president of the University of Michigan, as Mr. Bowen's successor. What's more, informed sources at the university insist that Princeton's short list of candidates to succeed Mr. Bowen consisted of three economists: Mr. Shapiro, Federal Reserve Board chairman Paul A. Volcker and Marina V. N. Whitman, the chief economist of General Motors and daughter of John Von Neumann, the Princeton mathematician who founded game theory.

Whether economists will continue to strike trustees as ideal presidential material is a matter of some debate. Richard M. Cyert, the economist-president of Carnegie-Mellon University, sees a cyclical element, with economists being chosen for eras of retrenchment just the way certain chief executives are chosen for belt-tightening. While not exactly disputing that theory, Alan S. Blinder, a Princeton economics professor, thinks it will be some time before economists fall out of favor. "I don't see any halcyon, overbudgeted days on the horizon," he said.

#### ECONOMISTS AS PRESIDENTS AND PROVOSTS

As the era of fat budgets, unlimited resources and a surplus of students ended for universities in the late 1960's, many of them changed their criteria for choosing presidents. They spurned courtly, literate sorts admired for scholarly inspiration in favor of economists who, they hoped, would be more adept in financial matters.



Thus, in the last 20 years, at least 15 schools have named economists as presidents, often with good results. For example, Richard M. Cyert, the president of Carnegie Mellon University since 1972, inherited a deficit of \$800,000 that he turned into a \$150,000 surplus in his first year.

Other economist-presidents include Arnold R. Weber of Northwestern University, Joel Segall of Baruch College of the City of New York Graduate School, Eamon M. Kelly of Tulane University, Bernard F. Sliger of Florida State University and, starting in July, Stephen R. Lewis of Carleton College. Some schools like economists to ply their trades in other posts. The last two provosts at Yale University - William D. Nordhaus and William C. Brainard - were economists. Harvard University has had a number of economists as deans of the faculty of Arts & Sciences: A. Michael Spence, Henry Rosovsky and John T. Dunlop.

"We have the training to figure out how to run an institution efficiently," said Robert Eisner, professor of economics at Northwestern and president-elect of the American Economics Association.

Others, however, are not so sure. "For some reason, the academic world esteems us as businesslike, and I really don't know why," said George Stigler, an economist from the University of Chicago who won the Nobel Memorial Prize. "We don't really do that well in the stock market, and being a great administrator is more personal than professional."

JAMES HIRSCH

**GRAPHIC:** Photos of William Bowen with students at a dinner at his home, and playing tennis (NYT/Gary Guisinger)

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